

Date: June 13, 2016

FOR YOUR INFORMATION

To: Mayor and Members of City Council

From: Harry Black, City Manager **HB**

Copies: Sheila Hill-Christian, Assistant City Manager
Thomas B. Corey, Director, Department of Economic Inclusion

Subject: **MBE/WBE Utilization Update June 13, 2016**

Attached is the MBE/WBE Utilization Update report as of June 13, 2016. The Minority and Women Business Enterprise Program has been in effect only since the beginning of this calendar year. The MBE/WBE report focuses on award data for contracts approved for award by the Procurement Review Committee during the period January 1 through June 13, 2016. Spend data will be reported annually as a part of the MBE/WBE annual report.

The City's annual goals for MBE/WBE participation in City contracts are 17% MBE and 10% WBE for construction contracts and 14% MBE and 16% WBE for professional services contracts. In the few short months since the inception of the program, the City is making great strides toward those goals. In the category of construction contracts alone, the City has awarded nearly \$5 million to MBEs in just less than 6 months. The significance of that figure is apparent when compared to the \$9.5 million dollars in total construction contract spend with minority businesses during the 5-year period (2009-2013) reviewed as part of the City's most recent *Croson* Study.

Additional detail regarding MBE and WBE awards, certifications, and outreach and capacity building is provided in the attached report.

Attachment

cc: Thomas Corey, Director, Economic Inclusion



MBE/WBE UTILIZATION UPDATE JUNE 13, 2016

Presented by the City Manager and
the Department of Economic Inclusion

I. INTRODUCTION

This is the MBE/WBE Utilization Update as of June 13, 2016. The ordinance ordaining Cincinnati Municipal Code Chapter 324, "Minority and Women Business Enterprise Program," was passed by City Council on September 30, 2015 and became effective on January 1, 2016. Since this program did not come into existence until the first of this year and there is an inevitable delay between the award of contracts and the spend associated with those contracts, a quarterly spend report will not provide sufficient information to track performance in meeting the City's goals for MBE/WBE participation in City contracts, which is 17% MBE and 10% WBE for construction, and 14% MBE and 16% WBE for professional services. Therefore, this report focuses on contract approved award data for the period January 1 through June 13, 2016. Spend data for the Minority and Women Business Enterprise Program will be reported on an annual basis.

II. DEFINITIONS

For purposes of this report, key terms are defined by the Department of Economic Inclusion (DEI) as follows:

"MBE" means a business that has been certified by the City of Cincinnati as a minority business enterprise, as that term is defined by CMC § 324-1-M. Based on the results of the City's most recent disparity study, only African American-owned firms and Asian American-owned firms are eligible for MBE certification, but Asian American-owned firms may be certified only for non-professional services and supplies. Under Chapter 324, MBEs may be male-owned or female-owned. However, for purposes of certification data tracking, DEI designates female-owned MBEs as MWBEs.

"MWBE" means a business that has been certified by the City of Cincinnati as both a minority business enterprise and as a women business enterprise, as each is defined by CMC § 324-1-M and CMC § 324-1-W1, respectively. Based on the results of the City's most recent disparity study, only African American-owned firms and Asian American-owned firms are eligible for MWBE certification, but Asian American-owned firms may be certified only for construction and for non-professional services and supplies. Firms certified as MWBEs may be counted either toward the MBE goal or toward the WBE goal on a contract; they may not be counted toward both on the same contract.

"WBE" means a business that has been certified by the City of Cincinnati as a women business enterprise, as that term is defined by CMC § 324-1-W1.

III. AWARD THROUGH JUNE 13, 2016

Effective January 1, 2016, before any contract valued at \$50,000 or more and subject to the requirements of Chapter 324 of the Cincinnati Municipal Code can be let, it must be evaluated by DEI for mandatory MBE and WBE goals. Goals are set based upon the nature of the work to be performed and the availability of City-certified MBEs and WBEs to perform that work. As stated earlier, the MBE/WBE participation goals are 17% MBE and 10% WBE for construction, and 14% MBE and 16% WBE for professional services. Once a proposed vendor is selected, the contract then must be approved by the Procurement Review Committee (PRC). DEI tracks those contracts approved for award by the PRC.

During the first several months in which the MBE/WBE program has been in existence, contract awards in the total amount of \$87,153,864.92 were approved for contracts subject to mandatory inclusion goals. The MBE subcontract approved award amount for those contracts as of June 13, 2016 was \$4,377,820.27 (5.02%), and the approved WBE subcontract award amount for the period was \$1,723,760.55 (1.98%). In addition, there have been two commodity prime contracts approved for award to an MBE in the total amount of \$2,000,000.00 and one construction prime contract approved for award to an MBE in the amount of \$1,000,000.00, bringing the total MBE award through June 13, 2016 to \$7,377,820.27 (8.47%) and the total MBE/WBE award to \$9,101,580.82 (10.44%). Table 1 provides a detailed breakdown by contract type of the Chapter 324 awards as of June 13, 2016.

During the years reviewed for the *Croson* Study (2009-2013), African American prime and subcontractors received \$9.5 million in City construction dollars. For the period January 1 through June 13, 2016, the total approved construction award for MBEs is almost \$5 million, which is 52% of the total amount received during the entire 5-year study period. While this is a comparison between dollars of approved awards with dollars previously expended, there has been a clear and substantial increase in MBE utilization following implementation of the MBE program as compared to historical spend during the study period.

In addition to the contracts governed by Chapter 324, the City has approved awards with MBE and WBE participation goals for City-sponsored economic development (construction) contracts that are not otherwise subject to mandatory inclusion goals. Of the total \$94,098,280.00 development award approved through June 13, 2016, \$7,479,552.21 (7.95%) was approved for MBE subcontract award and \$2,659,447.38 (2.83%) was approved for WBE subcontract award. An additional prime contract valued at \$1,759,547.00 was approved for award to an MBE. Table 2 provides a detailed breakdown by project of the economic development awards with inclusion goals as of the end of June 13, 2016.

The total amount approved during the period January 1 through June 13, 2016 for MBE award, including both subcontract and prime awards and both Chapter 324 and development awards, was \$16,616,919.49, or 9.17% of the total award for the period. The total amount approved through June 13, 2016 for WBE award was \$4,383,207.93 (2.42%). The combined total approved award to MBEs and WBEs through June 13 was \$21,000,127.41 (11.59%). Table 3 provides illustration of the total MBE and WBE approved award year-to-date.

IV. OUTREACH AND CAPACITY BUILDING HIGHLIGHTS

Given that the ability to set mandatory MBE and WBE goals on a contract is directly related to the number of City-certified firms capable of performing work on that contract, DEI has engaged in a number of outreach efforts to encourage eligible businesses to apply for certification and to help build the capacity of those businesses to perform on City contracts. To that end, DEI established a Business Training Center offering classes designed to help small, minority and women owned businesses grow and operate more efficiently. A total of 19 firms certified by the City as MBEs, MWBEs, or WBEs attended those trainings during Fall and Spring semesters.

DEI partnered with ODOT and the Ohio Minority Business Assistance Center as hosts of Construction Summit 2016 on March 9 to increase opportunities for minorities in construction, provide information on certification, and to create an environment where MBEs and SBEs could network with large primes about possible future business opportunities.

As part of its efforts to give small, minority-owned and women-owned businesses a competitive “green” advantage, DEI offers a sustainability program through which those firms can earn an Advanced Sustainability Education Certificate and/or SEMS™ Certification. Ten businesses were recognized at the 2016 Midwest Regional Sustainability Conference as SEMS™-certified businesses, 4 of which were MBE, MWBEs or WBEs. Fifteen additional businesses, 6 of which are either currently certified or have certification applications pending, were recognized for their progress toward SEMS™ certification, and one MWBE received a special award as Emerging Sustainable Supplier of the Year for its sustainability impact.

DEI held another Fast Track event on February 16, giving three more minority and women-owned firms the opportunity to demonstrate their product or service to all department directors in one setting.

V. MBE, MWBE, and WBE CERTIFICATION

As of June 13, 2016, which is also the first several months after these new programs became effective, the City had certified a total of 170 MBE, MWBE and WBE firms. Of those certified firms, 85 are MBEs, 44 are MWBEs, and 41 are WBEs. Among the MBEs certified as of June 13,

2016, 81 are African American-owned, and 4 are Asian American-owned. Of the MWBEs, 39 are African American-owned and the other 5 are Asian-American-owned. 40 of the WBEs are Caucasian-owned and 1 is Hispanic American-owned.

103 of the firms currently certified as MBEs, MWBEs, and WBEs under Chapter 324 of the Municipal Code are also certified under the Small Business Enterprise Program of Chapter 323. There are 304 firms certified under Chapter 323, 47 (15.46%) of which also are certified as MBEs, 25 (8.22%) of which are MWBEs, and 31 (10.2%) of which are WBEs.

VI. CONCLUSION

This report provides a snapshot view of how the City is progressing toward reaching its annual MBE and WBE goals. The information gathered will be used to strategize for the coming months.

Table 1

MBE/WBE Approved Award Amounts (Chapter 324) By Contract Type

As of June 13, 2016

MBE/WBE Approved Award Amounts - Contract Type							
Category	MBE Award		WBE Award		MBE/WBE Award		Total Award**
Construction*	\$4,965,998.59	6.91%	\$1,432,305.70	1.99%	\$6,398,304.29	8.91%	\$71,820,768.62
Professional Services	\$144,280.44	5.32%	\$57,520.00	2.12%	\$201,800.44	7.44%	\$2,711,022.00
Supplies/Services	\$2,267,541.24	17.96%	\$233,934.85	1.85%	\$2,501,476.09	19.82%	\$12,622,074.30
Total	\$7,377,820.27	8.47%	\$1,723,760.55	1.98%	\$9,101,580.82	10.44%	\$87,153,864.92

*Over the 5 year period reviewed for the *Croson* Study, the City provided a total of approximately \$9.5 million in construction contracting opportunities for MBEs. In less than *six months* since the inception of the MBE/WBE program, the City has MBE construction award participation of approximately \$5 million: more than half of that provided over the sixty month study period.

**"Total Award" includes all City contracts awarded during the period by the Procurement Review Committee.

Table 2

MBE/WBE Approved Award Amounts Not Otherwise Subject to Mandatory Inclusion Goals (City-Sponsored Economic Development-Construction) All Contract Types

As Of June 13, 2016

MBE/WBE Approved Award - Not Subject to Mandatory Inclusion Goals							
Project	MBE Award		WBE Award		MBE/WBE Award		Total Award*
Music Hall Revitalization	\$5,752,622.68	7.00%	\$1,643,606.48	2.00%	\$7,396,229.16	9.00%	\$82,180,324.00
Ziegler Park	\$1,726,929.53	17.00%	\$1,015,840.90	10.00%	\$2,742,770.43	27.00%	\$10,158,409.00
Police Interceptors**	\$1,759,547.00	100.00%	\$0.00	0.00%	\$1,759,547.00	100.00%	\$1,759,547.00
Total	\$9,239,099.21	9.82%	\$2,659,447.38	2.83%	\$11,898,546.59	12.64%	\$94,098,280.00

*"Total Award" includes all City contracts awarded during the period by the Procurement Review Committee.

** Prime MBE Award

**MBE/WBE Approved Award Amounts for All Projects (Chapter 324 and City-Sponsored Economic Development - Construction)
and All Contract Types**

As of June 13, 2016

Total Award - All Projects & Contract Types							
Type of Award	MBE Award		WBE Award		Total MBE/WBE Award		Total Award*
Award Amount	\$16,616,919.49	9.17%	\$4,383,207.93	2.42%	\$21,000,127.42	11.59%	\$181,252,144.92

*"Total Award" includes all City contracts awarded during the period by the Procurement Review Committee.